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WILLIAM T FUJIOKA
Chief Executive Officer

October 19, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

MOTION ON THE U.S. COOL COUNTIES CLIMATE STABILIZATION DECLARATION (ITEM NO. 13, AGENDA OF OCTOBER 23, 2007)

Item No. 13 on the October 23, 2007 Agenda is a motion by Supervisor Yaroslavsky, which instructs the Chairman to sign the U.S. Cool Counties Climate Stabilization Declaration and directs the Chief Executive Officer to take all appropriate actions to implement its policy goals.

The Cool Counties Initiative, which was launched at the National Association of Counties Annual Conference in July 2007, is modeled after the Sierra Club-initiated Cool Cities Program, which encouraged cities to sign on and implement the U.S. Mayors' Climate Protection Agreement. Nearly 700 mayors have signed that agreement since that program started in 2005. According to the Cool Counties website, which is maintained by King County, Washington, 22 counties have signed the declaration to date, including Alameda, Contra Costa, Lake, San Mateo, Santa Clara, and Yolo counties in California.

The declaration would commit the County to: (1) creating an inventory of greenhouse gas (GHG) emissions stemming from the County's operations and implement policies to achieve reductions in those emissions; (2) working closely with local, state, and federal governments and other leaders to reduce GHG emissions in the County to 80 percent below current levels by 2050; (3) urging Congress and the President to adopt national targets and programs to achieve the same level of reductions in emissions by 2050; and (4) urging Congress and the President to enact legislation requiring automotive manufacturers to achieve a Corporate Average Fuel Economy (CAFE) standard of at least 35 miles per gallon (mpg) for cars and light trucks within 10 years.

This memorandum is to provide your Board with information relating to the CAFE standards legislative issue, which is part of the declaration. CAFE standards are fleetwide fuel economy averages that manufacturers must meet each year. There currently are separate CAFE standards for automobiles and light trucks, which include sport utility vehicles, vans, and pickup trucks. The current standard is 27.5 mpg for cars and 22.7 mpg for light trucks for 2007. Under current law, the Secretary of Transportation ("Secretary") has the discretion to set the standard for cars within a range of 26 to 27.5 mpg, and has greater discretion to set different fuel economy standards for the various types of light trucks.

Growing concerns over greenhouse gas emissions and climate change, as well as the rise in oil and gasoline prices in recent years, have contributed to interest in reducing fuel consumption by improving the fuel economy of cars and light trucks. Numerous options for increasing fuel economy have been proposed, including those which would mandate increased mpg standards for cars and/or light trucks, combine the CAFE standards for cars and light trucks, and revise the definition of an "automobile" and "light truck" to make more vehicles subject to the higher mpg standard for automobiles and light trucks. Currently, light trucks include vehicles up to 8,500 pounds.

The Cool Counties Climate Stabilization Declaration urges support for increasing the CAFE standard for both cars and light trucks to at least 35 mpg within 10 years. That standard is similar to the mandated increase to 35 mpg for combined car and light truck fleets by 2020 contained in H.R. 6, the Senate-passed comprehensive energy bill except Section 503 of that bill allows the Secretary to set a lower standard if there is "clear and convincing evidence" that the standard can be demonstrated to not be cost-effective. H.R. 6 also would extend the CAFE standards to light trucks between 8,500 and 10,000 pounds that are not "work trucks" (i.e., pickup trucks or vans).

The House-passed energy bill (H.R. 3221) does not include any language affecting CAFE standards. House Energy and Commerce Chairman Dingell (D-MI), who is concerned about the potential impacts on the U.S. automobile industry, opposes the Senate's CAFE language and believes that CAFE issues, instead, should be addressed separately as part of broader climate change legislation. The Bush Administration opposes setting increased fuel economy standards by statute though it supports increased vehicle fuel efficiency and broader regulatory/administrative authority to set CAFE standards.

The Senate and House energy bills differ significantly with each bill including contentious provisions, besides CAFE, that are not included in the other version. For example, the House, but not Senate, bill includes $16.1 billion in energy-related tax incentives that are financed by reducing or eliminating certain tax benefits for oil and gas companies. The White House has threatened to veto both versions, citing its opposition to the House tax package and Senate provisions which make foreign oil producers subject to U.S. anti-trust laws and which allow gasoline prices to be regulated to prevent price gouging.

The conference committee on the energy legislation has not yet been formed because Senate Republicans have blocked the appointment of Senate conferees. However, informal negotiations have begun, and, yesterday, Senator Domenici (R-NM), the ranking minority member of the Senate Energy and Natural Resources Committee, wrote to Senate Majority Leader Reid (D-NV) and Senate Minority Leader McConnell (R-KY), calling for a conference committee. It also is possible that a final version of the energy bill can be negotiated without a formal conference committee - the approach used for the State Children's Health Insurance Program reauthorization bill.

Increasing CAFE standards, as recommended in the Cool Counties declaration would financially benefit the County to the extent that it would indirectly result in lower fuel and mileage costs for the County. **Because there is no existing Board policy relating to CAFE standards, support for legislation which would achieve a CAFE standard of at least 35 miles per gallon for cars and light trucks within 10 years is a matter for Board policy determination.**

WTF:GK:MAL
DD:MT:acn

c: Executive Officer, Board of Supervisors
County Counsel
Internal Services Department